

Second 'business incubator' opens, funds in jeopardy

First location deemed success after one year

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As officials gathered Monday to celebrate a second "business incubator" for Macomb County, the Board of Commissioners learned that Gov. Jennifer Granholm may ax all state funding for the job-creation program.

An open house was held in Sterling Heights to laud the second incubator, a facility that will provide the expertise to nurture start-up businesses into full-fledged employers that will make products for growing sectors of the economy, such as defense and alternative energy.



The first incubator, also located in the Sterling Heights industrial corridor on 14 Mile Road, has established itself as a success in just one year. Some 18 fledgling companies have located there

and 13 have evolved into "mature" status, meaning they are nearly ready to market their products and hire workers.

"There's been a lot of hard work and a lot commitment from the county and the city," said Dave Spencer, executive director of the incubators associated with Oakland University, a partner in the Macomb process. "Something terrific has happened here."

But officials in Lansing warn that the state funds needed to keep numerous incubators across the state on a steady starting point may be wiped out in the new state budget. The governor's proposed budget for fiscal year 2011 offers no money for incubators.

In the state House appropriations process, an effort has emerged to provide funding for the two Macomb incubators and another in Detroit, a facility associated with Wayne State University called "Tech Town."

A House Appropriations subcommittee voted last week to allocate \$250,000 to the Macomb incubators and \$100,000 to Tech Town.

"We have argued that this is critically important for Macomb County, especially for our focus on defense industry work," said state Rep. Jon Switalski, a Warren Democrat. "We will fight every step of the way. Too often, Macomb

County gets short-changed."

But the House bill, which is expected to pass by late April, faces an uncertain future in the Senate. In addition, Granholm may veto the funding as she did in 2008, when she chopped \$500,000 for Macomb during the budget-balancing process.

One advantage Macomb has over some of the approximately 16 incubators across the state is that it is located within a so-called "SmartZone," which offers state tax breaks to newly emerging companies. Economic development officials in Lansing have placed a premium on incubators located in SmartZones. However, about three-fourths of the incubators across Michigan are located in these tax-free zones.

In Macomb County, the two incubators are situated in a 6-square-mile SmartZone that comprises most of the area of Sterling Heights between Van Dyke and Mound, from 14 Mile to M-59.

The newest location, on 18 Mile Road just west of Van Dyke, is a former UAW facility that offered Ford workers child care, a restaurant-style kitchen, and an array of classes for union retirees.

The 30,000-square-foot building was constructed in 2001 by Troy developer Mike Damma. It reverted back to Damman during the auto industry's hard times, and then he recently donated it to the city as a second incubator site.

Officials say the building will require remodeling over a 12- to 18-month period, but the first phase calls for a summer 2010 opening, followed by 10 to 15 companies establishing residence in the first year. Macomb County agencies, Macomb Community College, OU and General Dynamics Land Systems will all play a role in helping start-up companies blossom.

In addition to defense and alternative energy, Spencer said the newest incubator will focus on robotics and life sciences, with several laboratory facilities leading the way.

When the first incubator was opened nearly a year ago, officials proclaimed that it might generate 55 companies and 600 jobs by 2015. But the 145,000-square-foot facility, a former factory, is already nearly full and moving full speed ahead.

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